

My name is Shellie Albright. CA

My comments relate to the following hearing: SOCIAL SECURITY AT 75 YEARS:
MORE NECESSARY NOW THAN EVER- 7/15/10

As a Human Resources Professional and Trustee of our defined benefit pension plan, I concur with your assessment that Social Security is more important now than ever. I understand the importance of planning for a secure retirement. I am one of very few who are actually preparing well for their retirement. Most people spend all of their income and save little, if any, for retirement.

Unfortunately, even those of us who have tried to prepare well for our financial future have been the victims of firms such as Charles Schwab who sold its Yield Plus Fund as a very safe investment vehicle, about as risky as a money market fund, for those of us who just wanted our money to be safe and did not want to take any significant market risk. Then they inappropriately over invested in Collateralized Mortgage Obligations, which were a very risky investment, not consistent with the stated risk profile of the fund (and in doing so violated the terms of their own prospectus- according to the judge in the class action case). Nonetheless, they have steadfastly refused to take responsibility for breaching their responsibility to their investors and blame their investors for their losses. So given that you can't actually be sure that your money will still be there, even if you invest in what you are told is extremely safe, what's a person to do to prepare for retirement?

The security of Americans' retirement is entirely dependent on the promises that have been made to us in the form of employer pensions and social security, which are critical components to our ability to retire. We need to be able to trust the promises that were made to us by our employers and the United States. These promises are being breached right and left. Many employers have gone bankrupt and employees are not receiving the benefits they were promised, even though in many cases the employers have reorganized and are quite profitable now.

Social Security and Medicare benefits are the most important of the promises, as they represent the largest (or only) source of income for many retirees. It is quite clear however, that these promises are not sustainable if nothing is done to shore up the system. We have a ton of baby boomers preparing to retire. They have little to no savings and will depend heavily on public programs including Social Security and Medicare. We need to begin to shore up these systems now so they will be there when the Baby Boomers retire and begin to swamp the system (which fortunately for the funding of these programs, will clearly not be as soon as originally expected).

What do I think should be done? Clearly we should make firms like Charles Schwab accountable for providing investments that actually adhere to the risk profile described and hold them responsible when they don't. We should lift the wage cap for Social Security taxes. We should increase the "Normal Retirement Age" in the same fashion as was done in the prior Social Security "fix" whereby the full retirement age will increase

over time for people born after certain dates. I do not agree with any proposal that would reduce the benefits that individuals are currently receiving, nor raising the retirement age for anyone who is now 55 or over, as they are too close to retirement already. While implementing means testing might seem fair to some, it would represent a breach of the promise that people have been counting on when figuring out how much to save and how long to work. If this were to be implemented, it should also be limited to folks under 55 so they know what's coming and have the time to save more and work longer. Additionally, it must be indexed properly for the cost of living in various areas of the country.

Unfortunately the government's well intentioned efforts to improve the safety and funded status of defined benefit pension plans in the private sector resulted in the demise of most of these plans. The loss of private pensions is now causing a huge outcry against public sector defined benefit pension programs, as the public doesn't feel it is fair for public employees to have pensions when they don't. This is very unfortunate. Not only do most people need to be forced to prepare for retirement, they do not have the ability to properly manage their own investments in a self-directed account, even when the firms with whom they are dealing are ethical and provide proper information. It is impossible when you can't trust firms like Charles Schwab to live up to what they claim to have sold you. There is a substantial advantage that comes from pooling mortality risk as well. Society as a whole benefits from pension and Social Security payments and the multiplier effect increases the importance of these benefits. For these reasons, it is imperative to maintain the financial solvency of the Social Security and Medicare systems. These will be the only lifeline for many Americans in their declining years.

Thank you for your concern about this important topic.